

INVESTOR RELATIONS

IR Presentation as of September 30, 2018



Performance



Portfolio Quality



Funding



Outlook



Contact

PERFORMANCE FIGURES

IR Presentation as of September 30, 2018



Performance



Portfolio Quality



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Start

- ▶ Despite intense competition and challenging conditions, Helaba was able to hold its ground well in the market
- ▶ **Consolidated profit before tax of 364 m €** only slightly below previous year's result of 381 m €, pre-tax result for 2018 expected to **match previous year's level**
- ▶ Good portfolio quality ensures **risk situation remains comfortable**
- ▶ Strong **new business** performance repeated in third quarter
- ▶ Implementation of regulatory requirements continues to weigh on **general and administration expenses**
- ▶ **CET1 ratio** (phased-in and fully-loaded) of **15.3 %** and **total capital ratio** of **21.3%** remain significantly above regulatory requirements

Profit before tax

in € m



Q3 2017 Q3 2018

Total assets

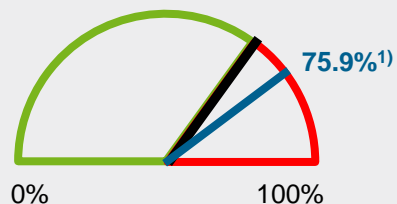
in € bn



2017 Q3 2018

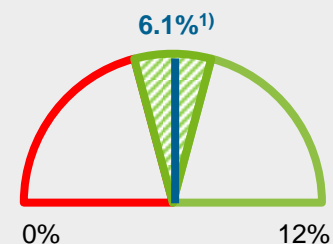
Cost-income ratio

Target ratio 2018
< 70%



Return on equity

Target range 2018
5.0–7.0%



1) Full consideration of bank levy and contributions paid into the guarantee schemes of the S-Finance Group already at the beginning of the year

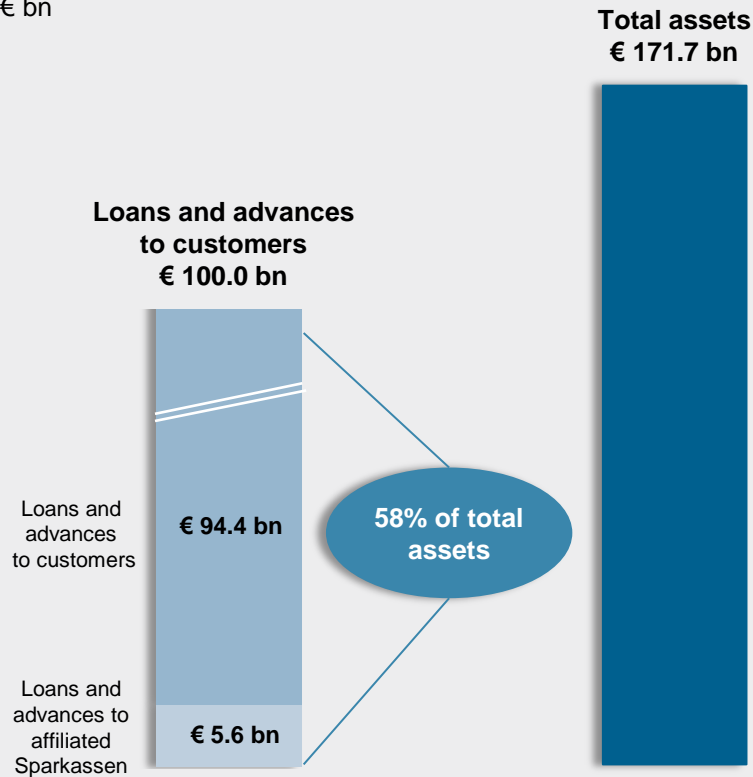
CET1 ratio (“fully-loaded”) and Liquidity Coverage Ratio

	Requirement 2018	Target ratio/ range	Ratio Q3 2018
CET1 ratio (“fully-loaded”)	8.89% ²⁾	12%	15.3%
Liquidity Coverage Ratio	100%	>120%	152%

2) Derived from SREP requirement for 2017 taking capital buffers into account

Closely intertwined with the real economy

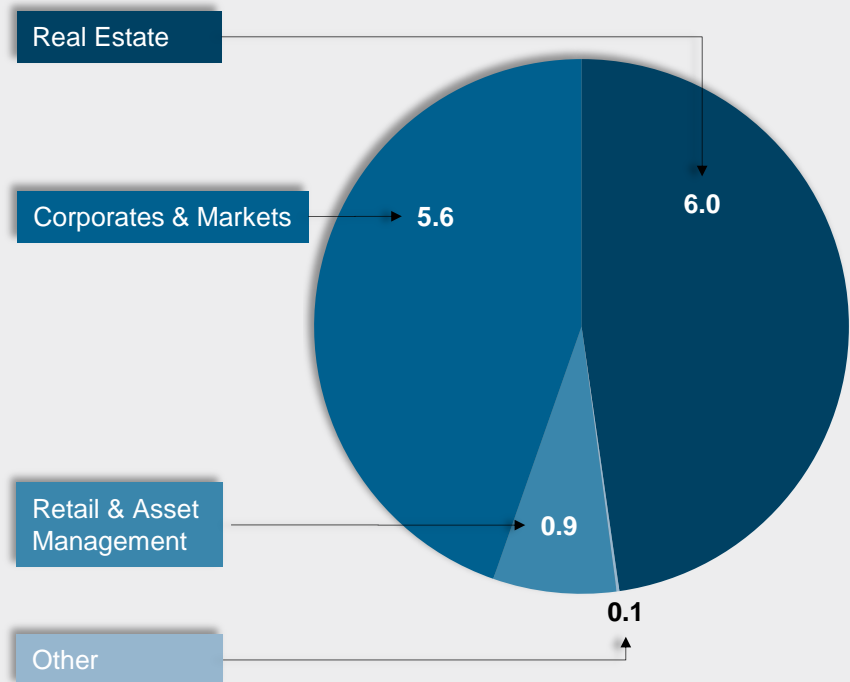
in € bn



- Degree of interconnectedness with real economy remains at 58 % (2017: 60 %), despite a rise in the balance sheet total to € 171.7 m
- Noticeable increase in loans and advances to customers to € 100.0 bn (2017: € 95.3 bn) almost entirely a result of the Hessenkasse development programme

New medium and long-term business: € 12.6 bn *

in € bn

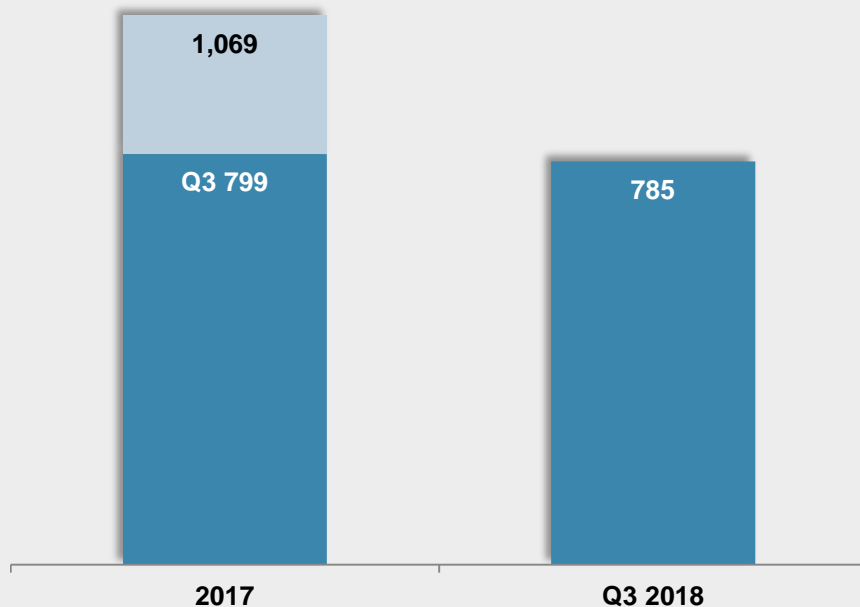


* New medium and long-term business excl. WIBank

- New business continues to pick up in the third quarter, volume of new medium and long-term business (duration greater than one year) at € 12.6 bn only slightly below the previous year's volume of € 13.2 bn

Net interest income

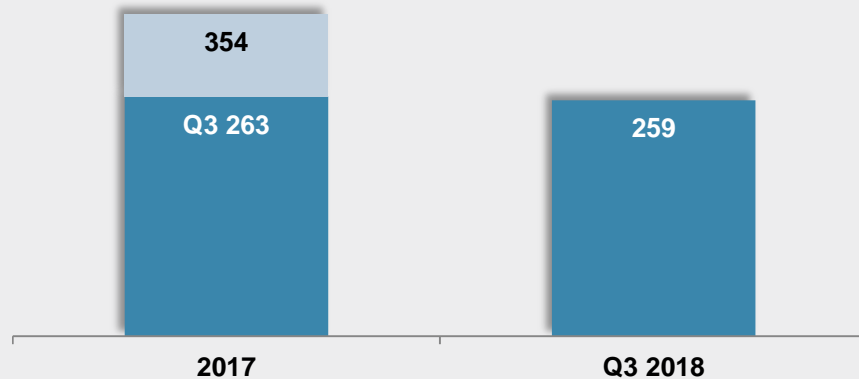
in € m



- Interest margin on new business slightly above previous year's level, but net interest income slightly down as a result, among other things, of lower average portfolios

Net fee and commission income

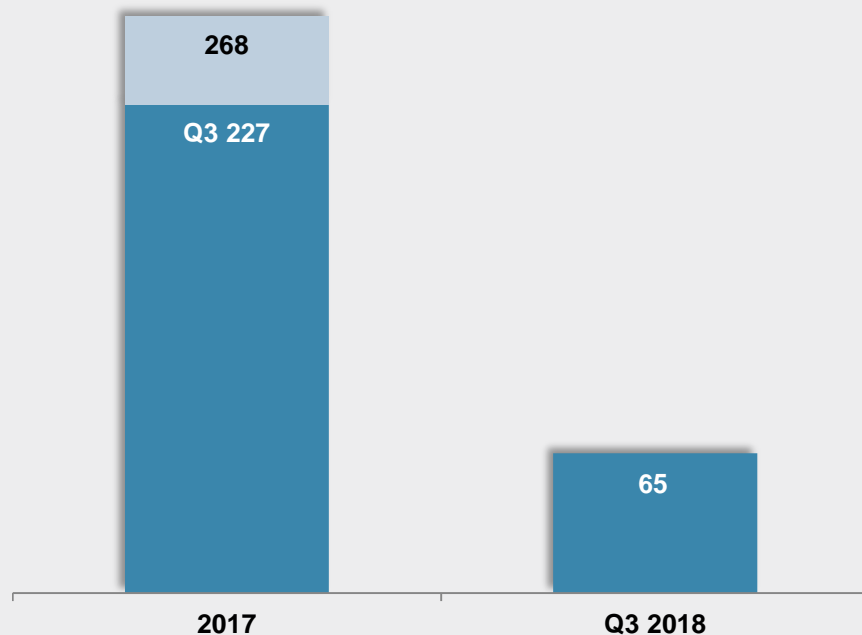
in € m



- The largest contribution to net fee and commission income was made by Helaba's payment transaction business and Helaba Invest's asset management activities
- Slight decrease in securities and securities deposit business as well as in lending and guarantee business

Net trading income

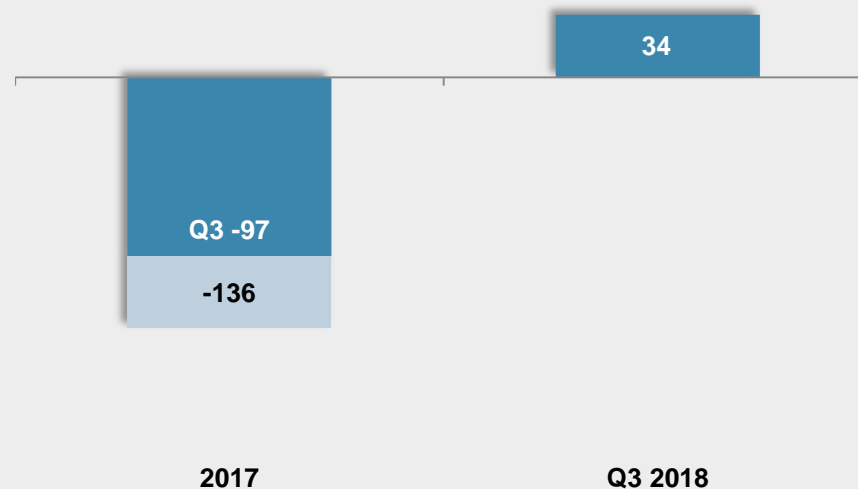
in € m



- Previous year strongly characterised by positive remeasurement effects, negative impact of widening credit spreads in 2018

Net income from hedge accounting and other financial instruments at fair value (non-trading)

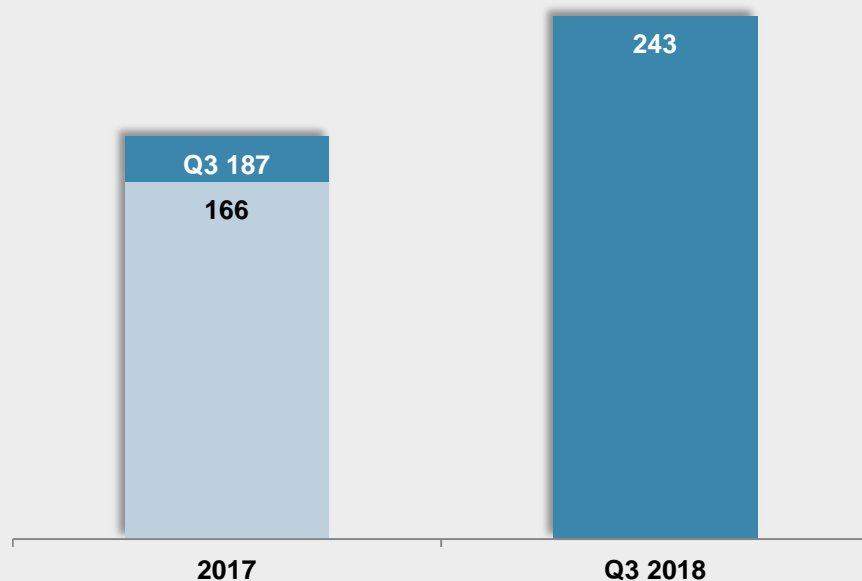
in € m



- Negative impact in previous year due to temporary remeasurement effects, since 2018 recorded in equity with no effect on P&L

Other net income

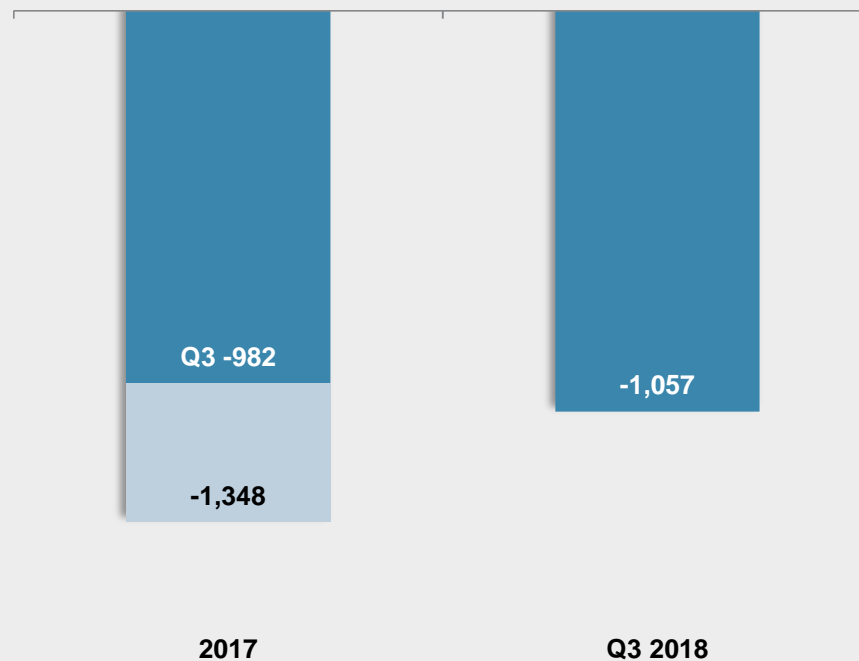
in € m



- Significant rise in particular due to proceeds from the sale of LB(Swiss) Investment AG and the absence of negative one-off effects from the previous year
- Stable net income from real estate portfolio (mainly GWH)
- Scheduled depreciation on these property portfolios from 2018 recorded in general and administrative expenses (previous year's figure adjusted accordingly)

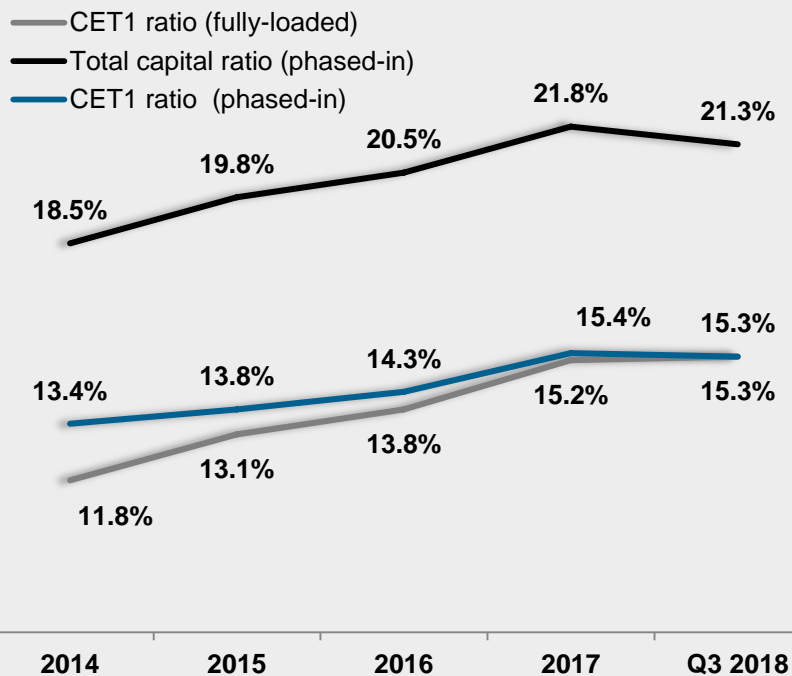
General and administrative expenses

in € m



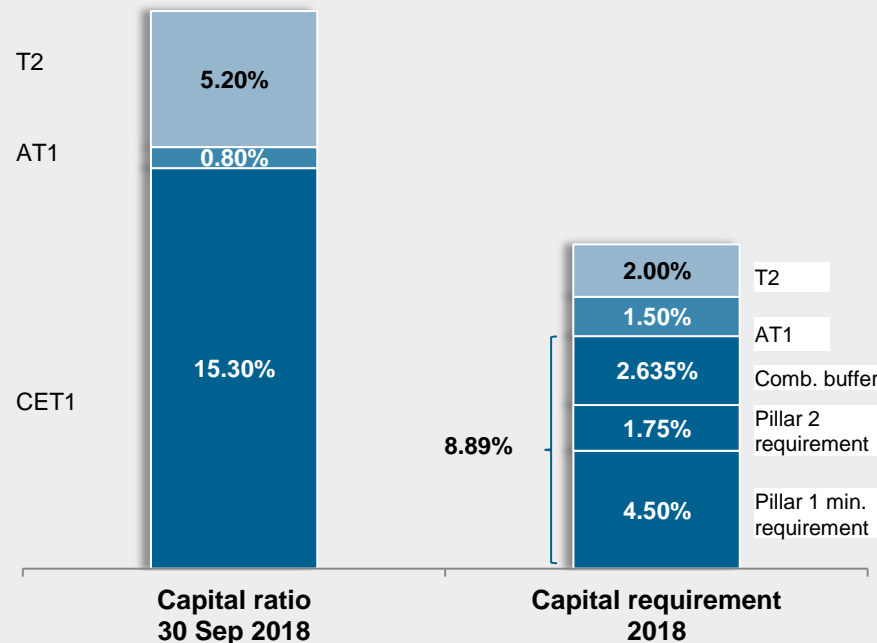
- Increase in general and administrative expenses resulted from, among others, higher costs for IT investment and consultancy fees in connection with the implementation of regulatory and business-driven requirements

Development of capital ratios



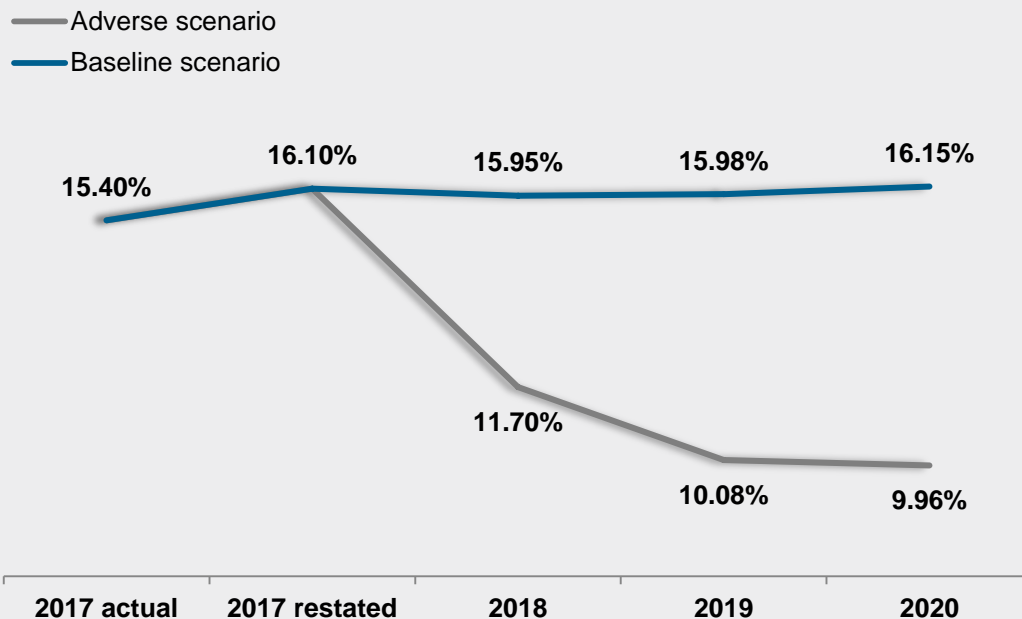
- CET 1 ratio settles at a very good level
- There will be no further differences in 2018 for Helaba's CET1 ratio as a result of CRD IV / CRR transitional arrangements
- Leverage ratio at 4.6% (phased-in) and 4.3% (fully-loaded)
- Risk-weighted assets of € 52.4 bn

Capital requirements and components



- Derived CET1 capital requirement 2018 consists of following components:
 - Pillar 1: minimum capital requirement of 4.50%
 - Pillar 2: capital requirement of 1.75%
 - Total capital buffer of 2.64%

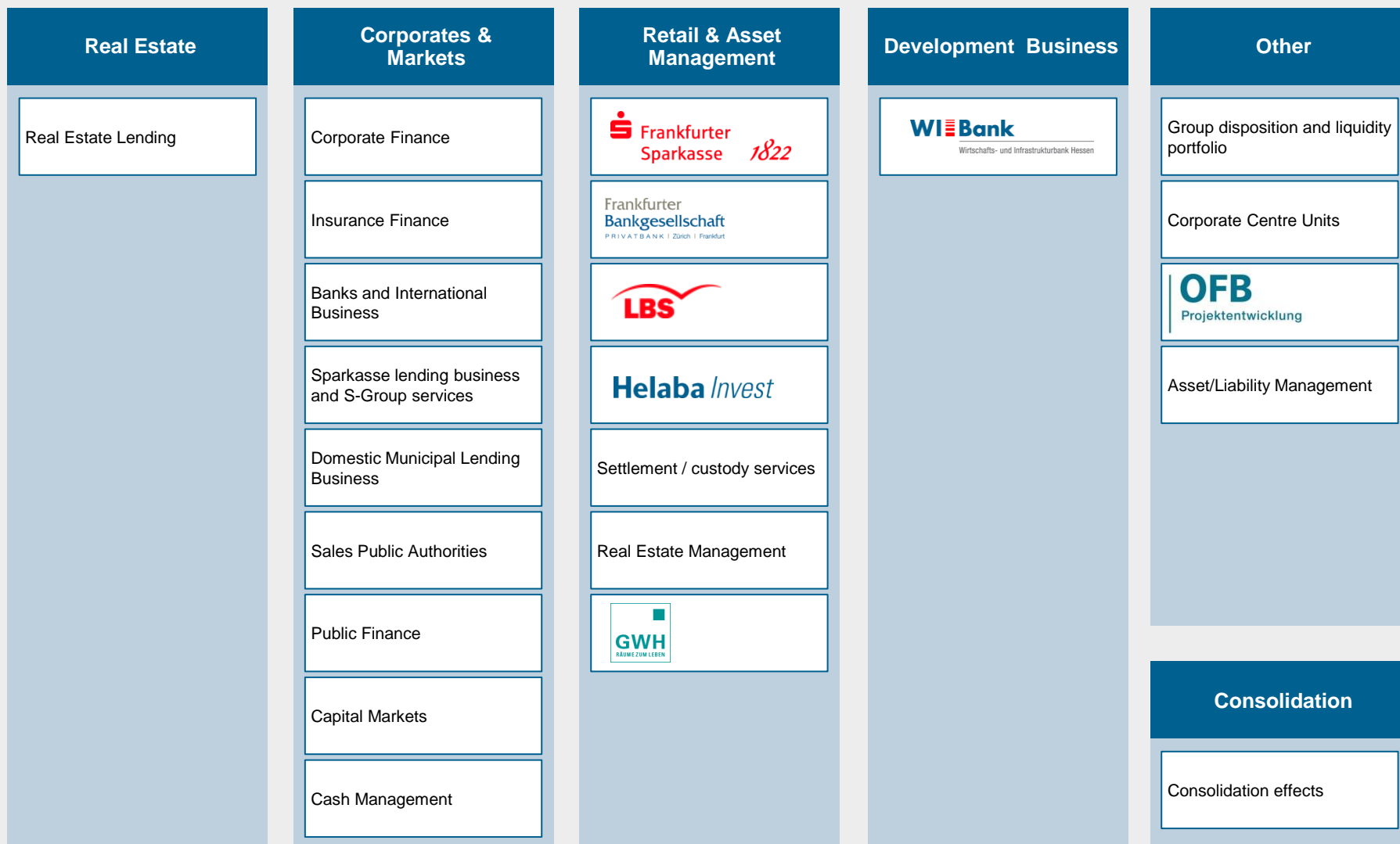
Key findings



- Helaba once again proved itself to be a stable institution with solid capital resources in the 2018 EU-wide stress test of the EBA and ECB
- Reduction in the capital ratio in the third stress year to 9.96% in the "adverse" scenario; consequently, all minimum regulatory requirements are met.
- "Adverse" scenario assumes noticeably stronger macroeconomic slump than 2016 stress test. Therefore, as expected, higher capital markdowns than in previous 2016 stress test

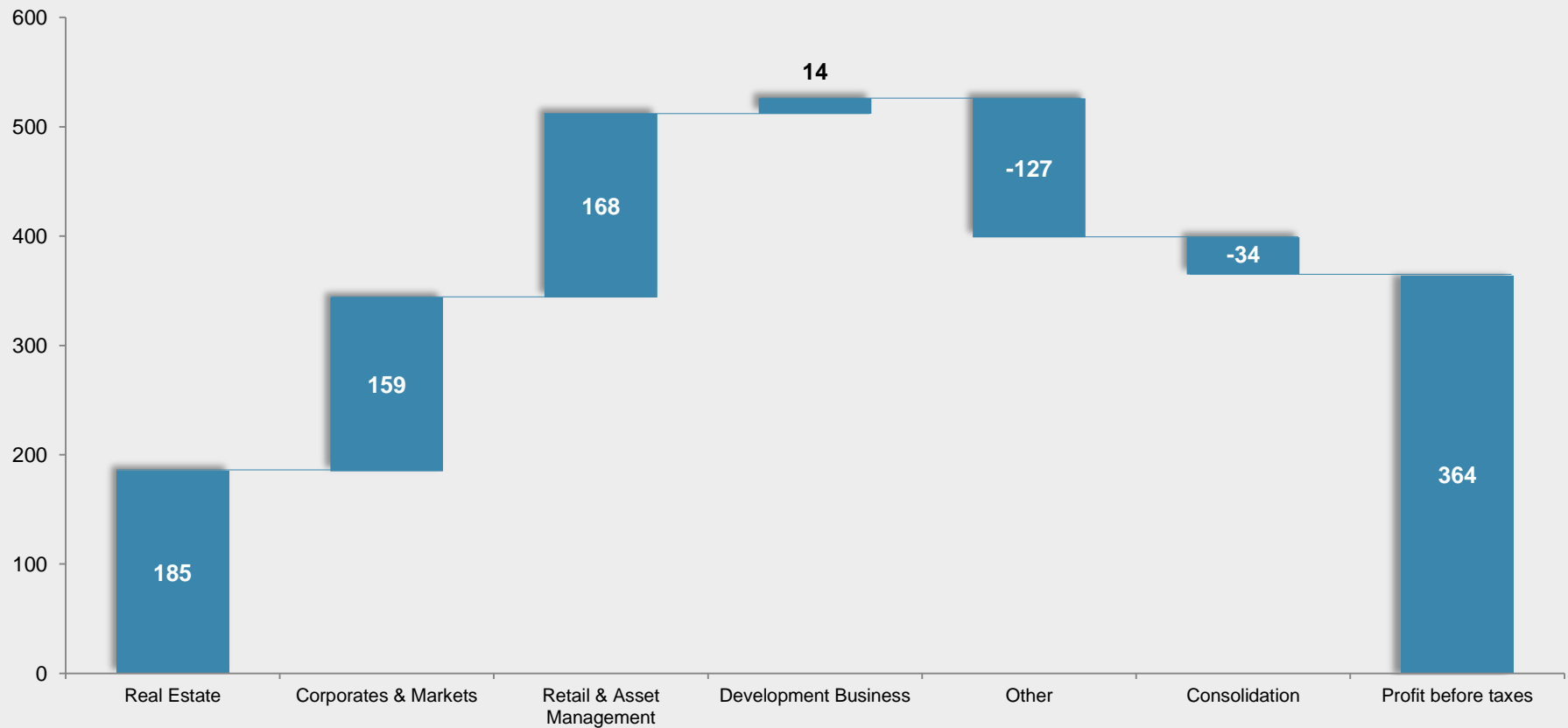
Methodology

- Stress test carried out by the European Banking Authority examines the 48 largest European banks
- Renewed simulation of a baseline scenario ("baseline") and a stress scenario ("adverse")
 - Baseline scenario takes into account the assumed economic development of countries in the European Union and the rest of the world
 - Anticipation of various factors such as GDP development, inflation rate, unemployment and capital market interest rates for each country in the stress scenario



Profit before taxes as of 30 Sep 2018

in € m



Real Estate	Q3 2018	Q3 2017	Change
	€ m	€ m	%
Total income before loan loss provisions	291	301	-3.3
Provisions for losses on loans and advances	3	5	-40.0
General and administration expenses	-110	-100	-10.0
Segment result	185	206	-10.2

	30 Sep 2018	30 Sep 2017
	€ bn	€ bn
Assets	29.5	30.1
Risk-weighted assets	15.4	14.3

- Represents commercial portfolio and project financing for real estate
- As main earnings component, net interest income still slightly below level in same period last year due to subdued development in new business, especially in first quarter, resulting in lower average portfolios: significant rise in new business in subsequent quarters
- Contribution to income from risk provisioning continues to be slightly positive
- Higher general and administrative expenses due to increased allocation to overheads



Corporates & Markets	Q3 2018	Q3 2017	Change
	€ m	€ m	%
Total income before loan loss provisions	498	604	-17.5
Provisions for losses on loans and advances	5	-40	n/a
General and administration expenses	-344	-326	-5.5
Segment result	159	238	-33.2

	30 Sep 2018	30 Sep 2017
	€ bn	€ bn
Assets	83.0	74.2
Risk-weighted assets	20.3	19.7

- In addition to credit products, segment also includes trading and sales activities as well as payment transactions
- Net interest income and net fee and commission income in line with previous year, net trading income in previous year strongly impacted by positive remeasurement effects, but widening credit spreads have negative impact in 2018
- Risk provisioning makes slightly positive contribution to profit
- Higher general and administrative expenses due to increased allocation to overheads
- With around € 131 m, Corporate Finance unit makes largest contribution to segment result



Retail & Asset Management	Q3 2018	Q3 2017	Change
	€ m	€ m	%
Total income before loan loss provisions	566	550	2.9
Provisions for losses on loans and advances	-3	-1	>100.0
General and administration expenses	-395	-372	-6.2
Segment result	168	177	-5.1

	30 Sep 2018	30 Sep 2017
	€ bn	€ bn
Assets	30.4	29.3
Risk-weighted assets	6.7	5.8

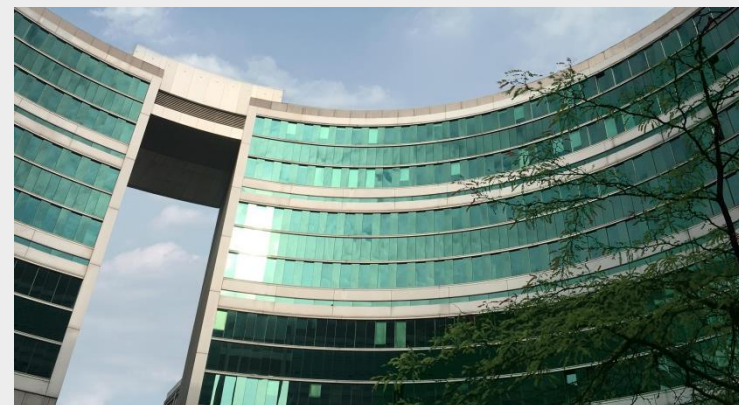
- Segment comprises retail banking, private banking, LBS as well as asset management activities (especially GWH, Helaba Invest)
- Higher income (including, inter alia, from the sale of LB(Swiss) Investment AG) was more than offset by an increase in administration expenses i.e. due to expansion of advisor capacities at FBG and FBG Family Office
- Risk provisioning (€ 3 m) slightly above previous year (€ -1 m)
- At around € 72 m, Frankfurter Sparkasse makes largest contribution to segment result



Development Business	Q3 2018	Q3 2017	Change
	€ m	€ m	%
Total income before loan loss provisions	67	63	6.3
Provisions for losses on loans and advances	0	0	-
General and administration expenses	-53	-52	-1.9
Segment result	14	11	27.3

	30 Sep 2018	30 Sep 2017
	€ bn	€ bn
Assets	22.8	16.9
Risk-weighted assets	1.2	1.1

- Presentation of WIBank’s public development business
- Significant increase in segment result, in particular due to higher earnings
- Significant increase in portfolio mainly due to the Hessenkasse development programme



Other	Q3 2018	Q3 2017	Change
	€ m	€ m	%
Total income before loan loss provisions	57	-81	n/a
Provisions for losses on loans and advances	24	20	20.0
General and administration expenses	-208	-178	-16.9
Segment result	-127	-240	47.1
	30 Sep 2018	30 Sep 2017	
	€ bn	€ bn	
Assets	21.5	22.7	
Risk-weighted assets	9.1	8.5	

- This segment contains profit contributions and expenses that cannot be allocated to other business segments, especially earnings from treasury activities, OFB as well as costs of central corporate units
- Previous year adversely affected by one-off effects and temporary remeasurement effects recognised directly in equity since 2018
- Reversal of portfolio impairments for credit exposures with no significant risk of default continues to lead to positive profit contribution from risk provisioning
- General and administrative expenses mainly includes the costs of bank-wide projects as well as annual contributions to bank levy and guarantee schemes that have been fully accounted for



PORTFOLIO QUALITY

IR Presentation as of September 30, 2018

 Performance

 **Portfolio Quality**

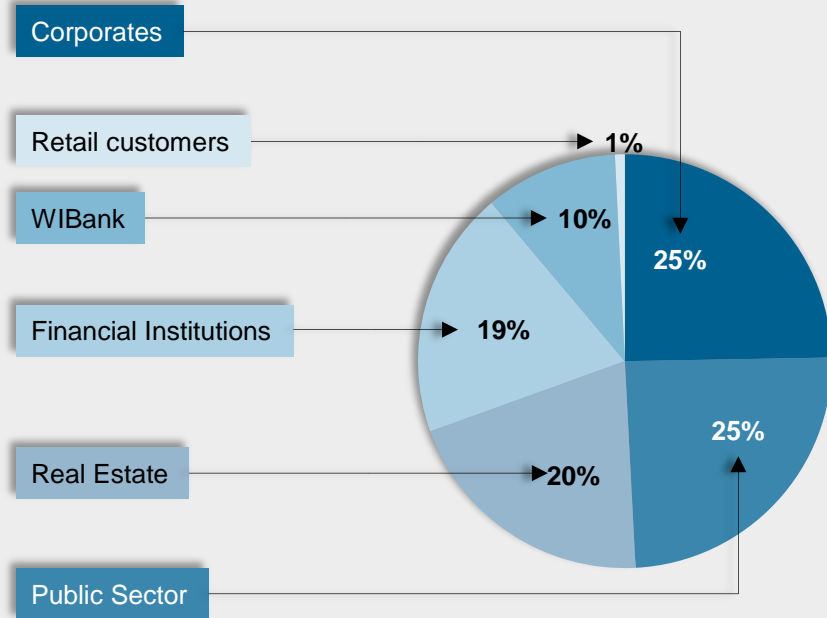
 Funding

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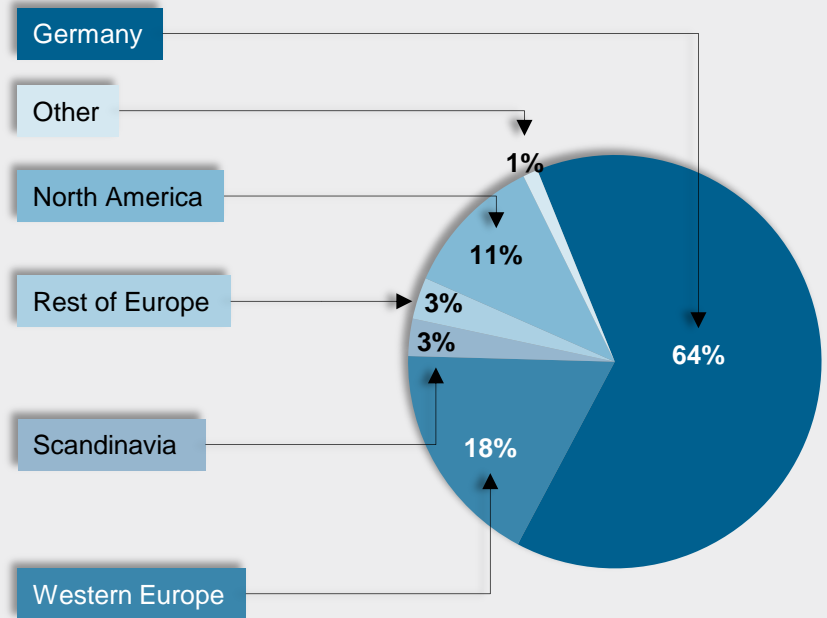
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 Start

Breakdown by customers

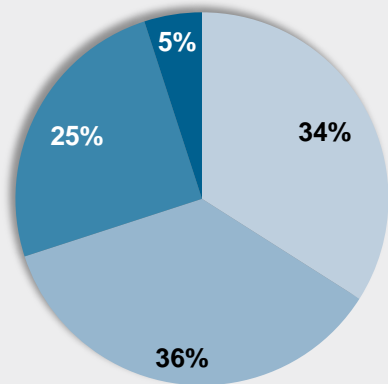


Breakdown by region



As of September 30, 2018

Total volume of lending by default rating category (RC)



RC 0-1: No default risk to excellent and sustainable financial performance; corresponding S&P Rating: AAA / AA+

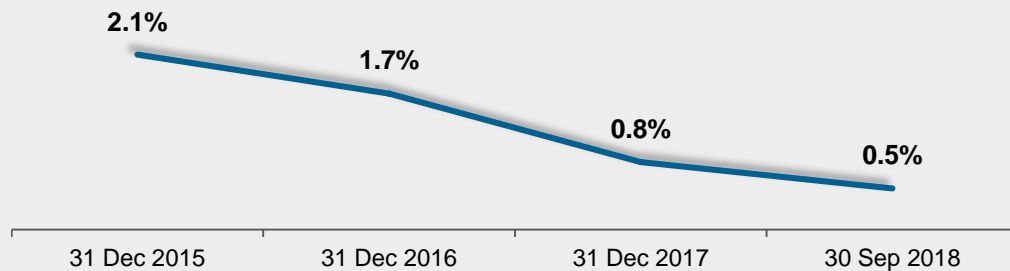
RC 2-7: Exceptionally high to outstanding financial performance; corresponding S&P Rating: AA to A-

RC 8-13: Very good to satisfactory financial performance; corresponding S&P Rating: BBB+ to BB

RC 14-24: Sufficient and lower financial performance; corresponding S&P Rating: < BB

- Total lending volume of € 194.4 bn
- 95% of total lending volume with excellent to satisfactory creditworthiness

Development of NPL¹ ratio



- As of September 30, 2018, NPL ratio had fallen further to 0.5%
- Of “total loans and advances” of € 127.1 bn, € 0.7 bn were classified as non-performing exposures

1) The NPL ratio is the share of non-performing exposures according to the EBA definition in relation to loans and advances to customers/banks. Based on Finrep data

Composition of loan loss provisions

in € m

01 Jan – 30 Sep 2017

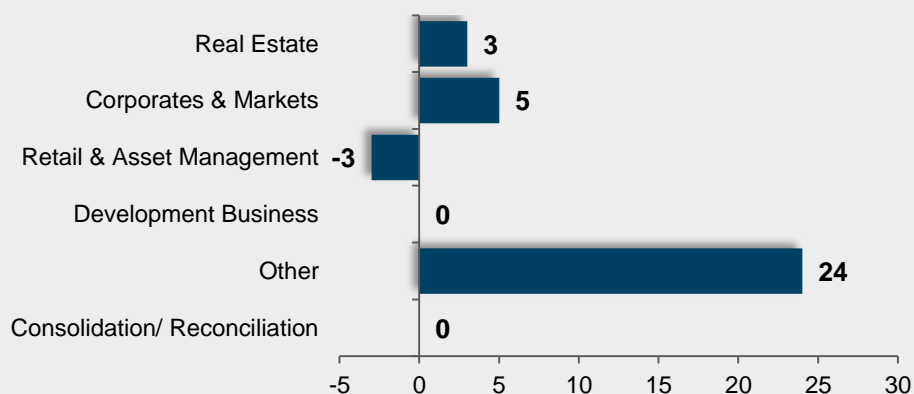
01 Jan – 30 Sep 2018

Net risk provisioning	-19	Net risk provisioning	29
		Risk provisioning on loans and advances	23
		Risk provisioning on liquidity securities	0
		Provisions for off-balance lending business	6

- Thanks to the high quality of the credit portfolio and the good economic environment, small increases were overcompensated by reversals and recoveries on loans and advances previously written off

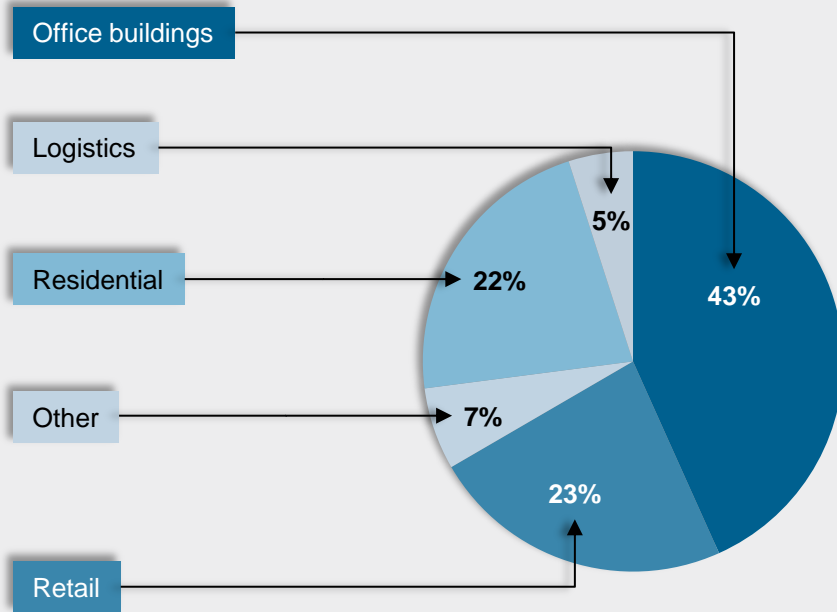
Breakdown by segment

in € m

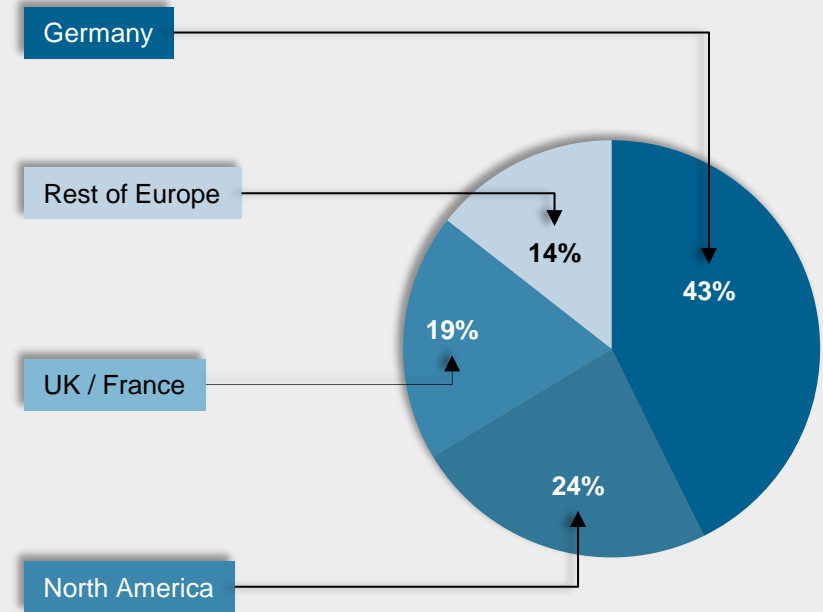


- Low level of net additions to impairments in segment of Corporates & Markets mainly from the activities of Frankfurter Sparkasse and LBS
- "Other" segment continues to be impacted by reversal of portfolio impairments for credit exposures without significant risk of default

Breakdown by type of use



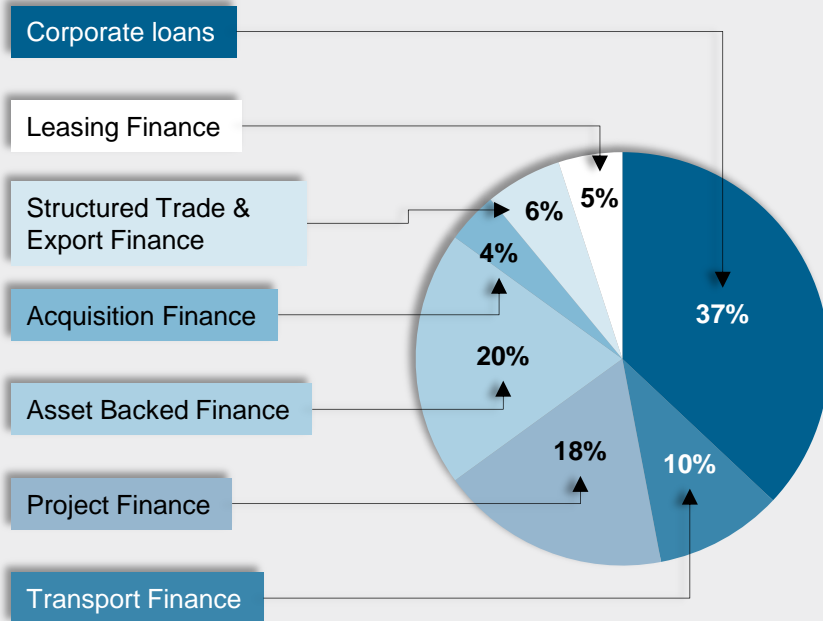
Breakdown by region



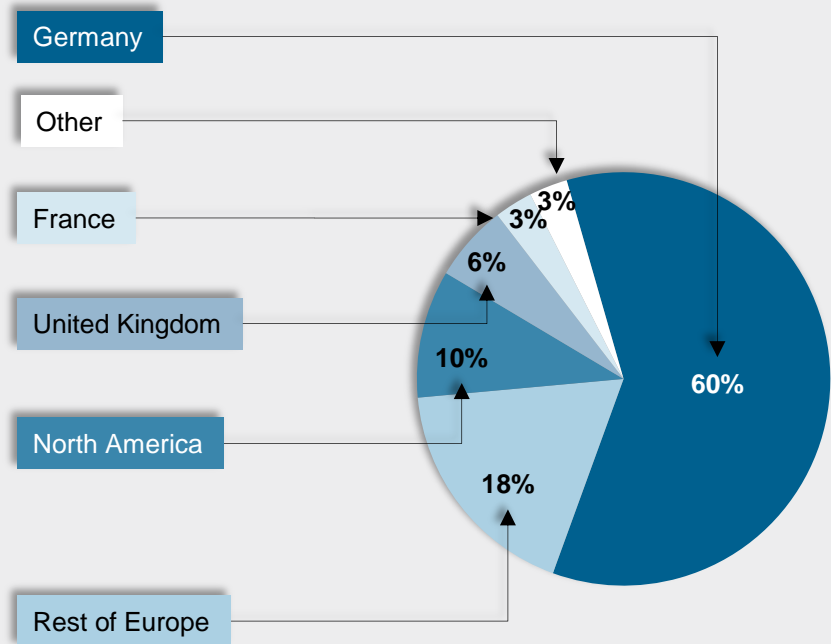
► Balanced portfolio by regions and type of use

As of September 30, 2018

Breakdown by product area



Breakdown by region



► Broadly diversified portfolio with focus on Europe

As of September 30, 2018

HELABAFUNDING

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Start

MOODY'S	Rating	FitchRatings	Rating	S&P Global ¹	Rating
Outlook	Stable	Outlook	Stable	Outlook	Positive
Issuer Rating	Aa3	Long-term Issuer Default Rating ¹⁾	A+	Long-term Issuer Credit Rating	A
Baseline Credit Assessment	baa2	Viability-Rating ¹⁾	a+	Standalone Credit Profile	A
Short-term Deposit Rating ²⁾	P-1	Short-term Issuer Default Rating ^{1), 2)}	F1+	Short-term Issuer Credit Rating ²⁾	A-1
Public-Sector Covered Bonds	Aaa	Public Sector Pfandbriefe	AAA		
		Mortgage Pfandbriefe	AAA		
Counterparty Risk Assessment ³⁾	Aa3(cr)	Derivative Counterparty Rating ^{1), 3)}	AA- (dcr)		
Long-term Deposit Rating ³⁾	Aa3	Long-term Deposit Rating ^{1), 3)}	AA-		
Long-Term Senior Unsecured ³⁾	Aa3			Long-term Senior Unsecured ³⁾	A
Long-Term Junior Senior Unsecured ⁴⁾	A2	Senior Unsecured ^{1), 4)}	A+	Long-term Senior Subordinated ⁴⁾	A-
Subordinate Rating ⁵⁾	Baa2	Subordinated debt ^{1), 5)}	A		

Ratings for Helaba's liabilities covered by statutory guarantee ⁶

Long-term Rating

Moody's	Fitch Ratings	S&P Global
Aaa	AAA	AA-

Sources: Standard & Poor's, Moody's Investors Service, Fitch Ratings

1) Joint group rating for the S-Group Hesse-Thuringia

2) Corresponds to short-term liabilities

3) Corresponds in principle to long-term senior unsecured debt according to Sec. 46f (5 & 7) KWG ("with preferential right to payment")

4) Corresponds in principle to long-term senior unsecured debt according to Sec. 46f (6) KWG ("without preferential right to payment")

5) Corresponds to subordinated liabilities

6) Applies to all liabilities in place on 18 July 2001 (indefinitely)

Funding Strategy

- ▶ Continued matched funding of new business
- ▶ Further expansion in strong position among German investors and targeted growth in international investor base
- ▶ Focus on marketing Helaba's sound "credit story" in and outside Germany
- ▶ Further development of product and structuring capacity using issuance programmes

Funding Programmes

Medium Term Note Programm	€ 35 bn
Inlandsemissionen (Basisprospekt)	
Euro-CP/CD Programm	€ 10 bn
NEU CP (ehem. French CD) Programm	€ 6 bn
USCP Programm	\$ 5 bn

Broad Access to Liquidity

Helaba Group

- ▶ € 36 bn cover pool for covered bonds
- ▶ € 31 bn securities eligible for ECB/ central bank funding
- ▶ € 20 bn retail deposits within Helaba Group

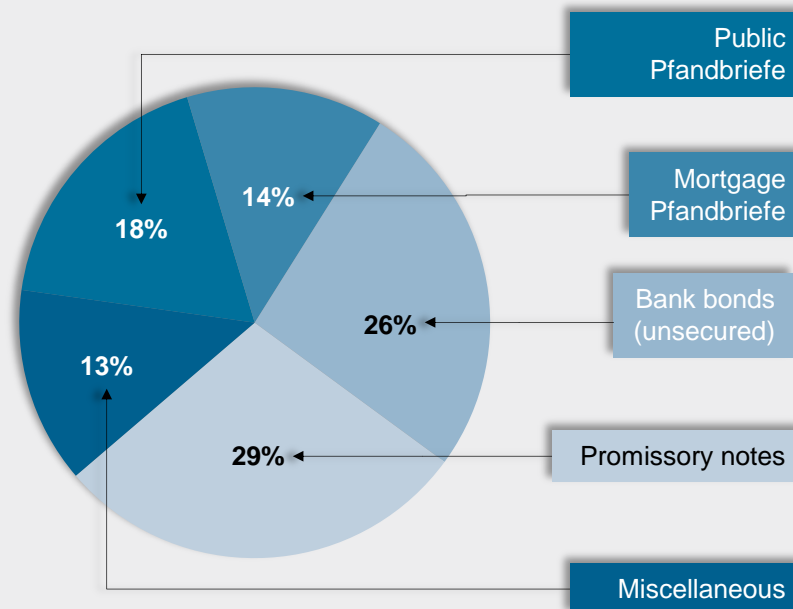
-Finance Group Hesse-Thuringia

- ▶ € 94 bn deposits within -Finance Group Hesse-Thuringia
(consolidated accounts as of 31.12.2017)

Outstanding medium and long-term funding (≥ 1 year): € 85.8 bn

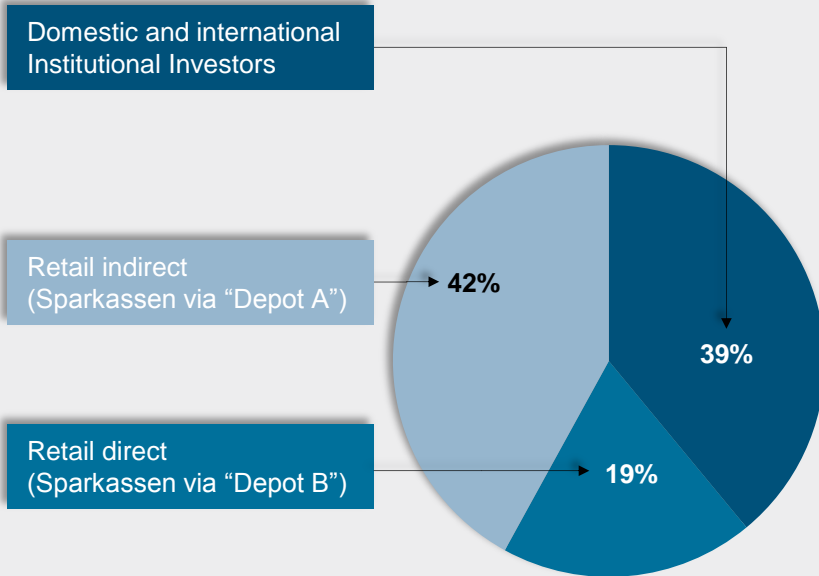
Year-on-year comparison	Q3 2018	2017	2016
	€ m	€ m	€ m
Covered bonds ("Pfandbriefe")	27,407	26,334	27,477
thereof public sector	15,176	16,482	17,605
thereof mortgage backed	12,231	9,852	9,872
Senior unsecured bonds	22,520	20,906	20,113
Promissory notes	24,505	23,197	21,050
Miscellaneous*	11,321	12,283	12,852
Total	85,753	82,720	81,492

* Subordinated bonds/ participation certificates/ silent partnership contributions/ earmarked funds

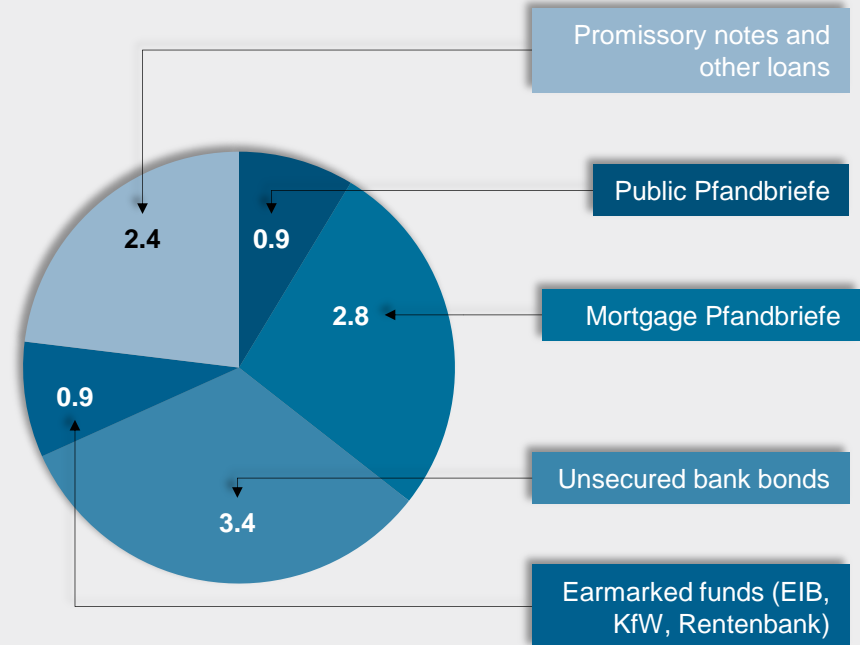


As of September 30, 2018

Breakdown by Investor



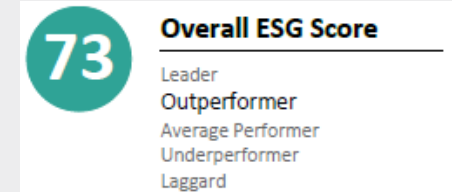
Breakdown by Product (in € bn)



Medium/long-term funding volume until Q3 2018: **10.4 bn €**

► Taking advantage of favourable market environment, Helaba successfully placed a seven-year Pfandbrief benchmark issue in the third quarter

As of September 30, 2018



- Rating score: **C (Prime)**
- Rating scale: from D- to A+
- Ranked in the top third in the peer group of 89 banks
- Rating score **B-** for partial rating "Social & Governance"

- Rating score: **B (Positive)**
- Rating scale: from D to AAA
- Among the top 5 in the peer group of 32 banks
- Rating score **BBB (Positive)** for partial rating "Mortgage bonds"

- Rating score: **A**
- Rating scale: from CCC to AAA
- Ranked in the upper midfield in the peer group
- **Top-Score** for partial rating "Financial Product Safety"

- Rating score **73 points**
- Scale: 1 to 100 points
- In the top third of a peer group of 345 banks
- **81 points** for partial rating "Environment"

Development



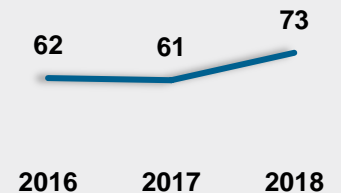
Development



Development









Development



As of November 4th 2018

OUTLOOK

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Helaba *Invest*

- ▶ Helaba Invest is offering its first real estate credit fund, which provides savings banks with access to Helaba's diversified loan portfolio
- ▶ Investment focus on Germany and broad sectoral diversification. Target volume amounts to 250 m €, subscription volume at first closing reached 100 m €

Customer survey



- ▶ Comprehensive customer survey conducted with almost all of Helaba's customer groups to strengthen client focus and performance in the marketplace
- ▶ Outstanding customer satisfaction of 90% results in particular from Helaba's values-oriented approach to business
- ▶ Results act as incentive to further strengthen customer satisfaction and market position

New mission statement









- ▶ Implementation of a new mission statement and revision of the advertising brand identity
- ▶ New brand claim "**Values with impact.**" demonstrates Helaba's clear focus on values

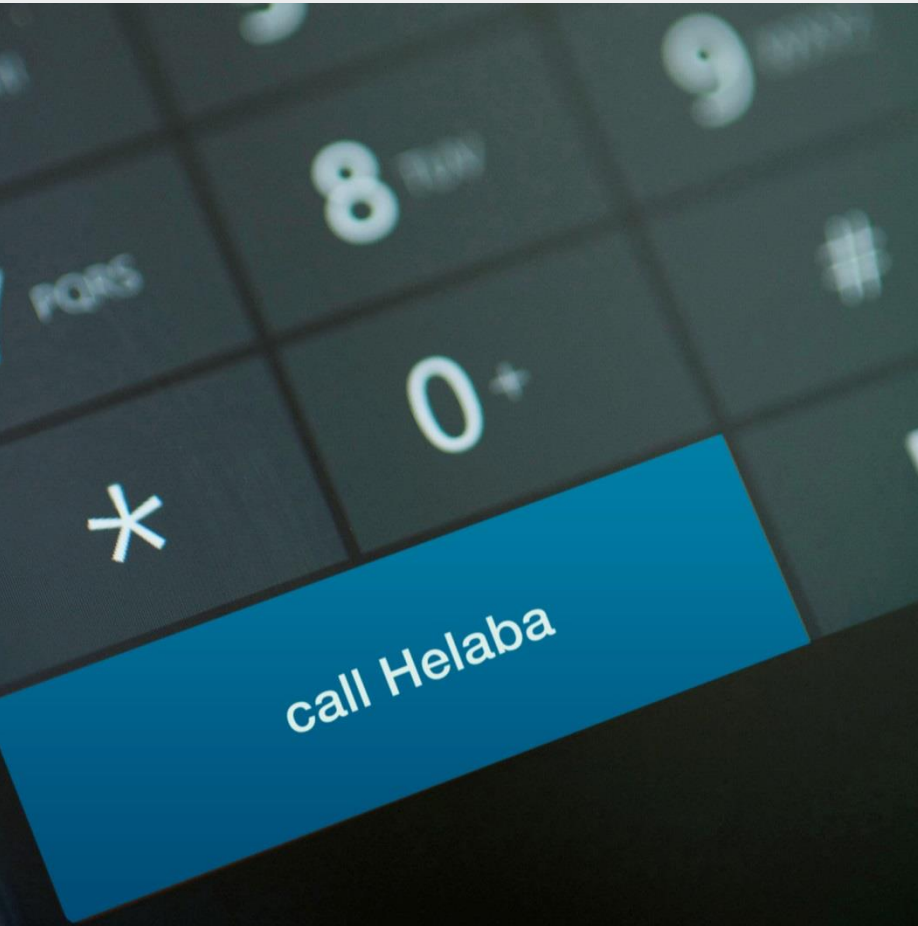
- ▶ **Profit before tax in 2018 expected to match previous year's level**

- ▶ **Strategic agenda of sharpening the business model, modernizing and digitizing the infrastructure are on track**

YOURCONTACT

IR Presentation as of September 30, 2018

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APPENDIX

IR Presentation as of September 30, 2018



Performance



Portfolio Quality



Funding



Outlook



Contact



Start

Statement of Financial Position of Helaba Group (IFRS)	30 Sep 2018	31 Dec 2017*	Change	
	€ bn	€ bn	€ bn	%
Cash, cash balances at central banks and other demand deposits	21.1	10.5	10.6	>100.0
Financial assets at amortised cost	104.1	99.5	4.6	4.6
Loans and advances to credit institutions	10.7	10.7	0.0	0.0
Loans and advances to customers	93.4	88.8	4.6	5.2
Financial assets held for trading	15.2	16.1	-0.9	-5.6
Financial assets at fair value (non-trading)	27.0	28.0	-1.0	-3.6
Investment property, deferred tax assets, other assets	4.3	4.1	0.2	4.9
Total assets	171.7	158.2	13.5	8.5
Financial liabilities measured at amortised cost	135.1	122.5	12.6	10.3
Deposits and loans from credit institutions	34.9	31.2	3.7	11.9
Deposits and loans from customers	52.3	47.6	4.7	9.9
Securitised liabilities	47.5	43.5	4.0	9.2
Other financial liabilities	0.4	0.2	0.2	100.0
Financial liabilities held for trading	12.3	12.3	0.0	0.0
Financial liabilities at fair value (non-trading)	13.5	12.6	0.9	7.1
Provisions, deferred tax liabilities, other liabilities	2.7	2.8	-0.1	-3.6
Total equity	8.1	8.0	0.1	1.3
Total equity and total liabilities	171.7	158.2	13.5	8.5

* Figures according to opening balance sheet prepared in compliance with IFRS 9

Income Statement of Helaba Group (IFRS)	Q3 2018	Q3 2017	Change	
	€ m	€ m	€ m	%
Net interest income	785	799	-14	-1.8
Provisions for losses on loans and advances	29	-19	48	n/a
Net interest income after provisions for losses on loans and advances	814	780	34	4.4
Net fee and commission income	259	263	-4	-1.5
Net trading income	65	227	-162	-71.4
Net income from hedge accounting and other financial instruments at fair value (non-trading)	34	-97	131	n/a
Share of the profit or loss of equity-accounted entities	6	3	3	100.0
Other net income	243	187	56	29.9
General and administrative expenses	-1,057	-982	-75	-7.6
Profit before tax	364	381	-17	-4.5
Tax on income	-109	-132	23	17.4
Profit	255	249	6	2.4

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